

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 4, 2017

TO: Honorable Larry Phillips, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1537 by Taylor, Larry (Relating to dispute resolution for certain claims arising under insurance policies issued by the Fair Access to Insurance Requirements (FAIR) Plan Association; authorizing fees.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Insurance Code relating to dispute resolution for certain claims arising under insurance policies issued by the Fair Access to Insurance Requirements (FAIR) Plan Association; authorizing fees.

The bill would require the Commissioner of Insurance of the Texas Department of Insurance (TDI) to select an appraisal umpire and a mediator from a roster of qualified umpires and mediators. TDI may charge a reasonable registration fee to defray the costs incurred in maintaining the rosters and selecting the umpires and mediators.

The bill would require TDI to establish an ombudsman program to provide information and educational programs to assist persons insured by the FAIR Plan Association with dispute claim processing. The bill would require TDI to prepare a budget for the program and the association would transfer an equal amount to TDI for the administration and operation of the program each year. Based on information provided by TDI and the Office of Court Administration, this analysis assumes the duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to the House and Senate or otherwise on September 1, 2017. The provisions of the bill would only apply to an insurance policy that is delivered, issued for delivery, or renewed by FAIR Plan Association on or after the 60th day after the effective date of the bill.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 212 Office of Court Administration, Texas Judicial Council, 454
Department of Insurance

LBB Staff: UP, AG, CL, EH, CP